GENESCO

ANNUAL REPORT 1969

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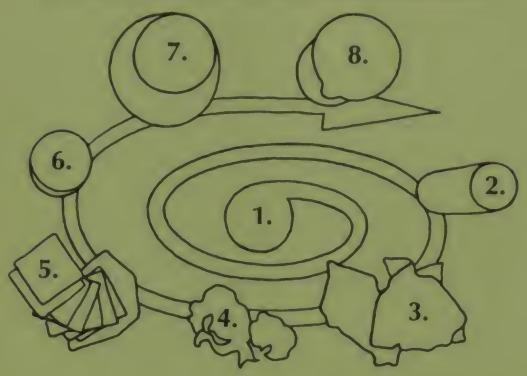
CORPORATION FILE

COVER

GENESCO beginnings lie in such basic elements as are shown on our cover. Natural and synthetic yarns. Dyes and other chemicals. Cotton. Modern synthetic fibers. Fabrics and leathers. Chemical and physical research. Money and management skills.

GENESCO is the synthesis of such basic elements. A modern corporation supplying one of life's basic necessities—clothing. Specializing in the manufacture, wholesale and retail of apparel. Operating throughout the world. Integrated both vertically and horizontally. Yet highly competitive, with its operating companies buying from and selling to outsiders as well as within GENESCO.



1. GENESCO's corporate symbol—signifying the fusion of internal strengths to generate planned growth
2. A pirn of nylon yarn
3. Fabric samples
4. Boll of cotton
5. Dyed and natural leathers
6. Synthetic granules for tennis shoe soles
7. A cone of wool yarn
8. A beaker of dye

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GENESCO

ANNUAL REPORT 1969

FINANCIAL SUMMARY

Year ended 31 July	**1969**	1968 AS PREVIOUSLY REPORTED	1968 RESTATED FOR POOLINGS OF INTERESTS
Net sales	**$1,185,631,000**	$1,008,066,000	$1,112,900,000
Net earnings	**30,283,000**	32,005,000	34,150,000
Working capital	**332,309,000**	301,614,000	318,229,000
Earnings per common share	**$2.70**	$3.14	$3.12
Average number of common shares outstanding	**10,009,000**	9,472,000	9,834,000

to our stockholders:

FRANKLIN M. JARMAN

J. OWEN HOWELL, JR.

Ten years ago, your company chose a new name and a new concept. A $276,000,000 shoe manufacturer changed its name from General Shoe Corporation to GENESCO. Even more important, it adopted a new corporate concept and began its planned program of vertical and horizontal expansion which has now created a $1,186,000,000 fully integrated, worldwide, apparel company.

The success of this new direction is evident in the tripling of GENESCO annual sales during the past decade. Its success is further evidenced by our growth momentum which pushed net sales past the billion dollar mark in 1968, and then added another $180,000,000 in 1969.

Part of this increase was due to acquisitions. Sales as reported last year were $1,008,000,000. These 1968 sales, when restated to reflect companies acquired on a pooling of interests basis during 1969, became $1,113,000,000. Sales this year were $1,186,000,000—a 7% gain over restated 1968 sales, an 18% gain over 1968 sales as previously reported.

Our dollar earnings in 1969 were $30,283,000 compared to last year's restated earnings of $34,150,000. This amounted to $2.70 per common share as against $3.12 per share last year. Percentage decreases were 11% on dollar earnings and 13% on per share earnings.

Dividends paid in 1969 rose to $1.60 per common share as compared to $1.50 per common share paid last year—the 5th straight year of increase and the 36th year of continuous quarterly dividends. As with so many companies we found that general economic factors —higher taxes, increased interest charges, inflationary pressures—all boosted costs faster than they could be offset. To increase return per dollar invested, GENESCO management reassessed the market directions of all operating companies. Certain inventories were liquidated at a loss. Certain market directions were determined to be obsolete and have been changed. With new management teams and marketing directions, we are confident that affected companies will be restored to their traditional positions of influence.

GENESCO confines its interest to apparel. But it does operate at all levels of the industry—manufacturing to retailing, underwear to outerwear, head gear to footwear for men, women and children.

In all these various operational levels during 1969, our total worldwide employment averaged 68,000 people. USA employees averaged 65,000 including almost 10,000 members of non-white minority groups.

Our manufacturing operations now total 234 plants and processing terminals located throughout the world. Our USA and overseas wholesale customers total some 45,000 companies, including 1,900 retail stores which we own and operate.

Our 1969 activities are condensed in the table below, which breaks down sales by several categories to show relative importance. Figures include intra-company transactions as well as outside sales. Sales in "other countries" include non-consolidated companies some of which are not wholly owned.

1969 SALES	VOLUME (000,000's omitted)	PERCENT
By Type of Product		
Clothing and accessories	$ 664	52%
Footwear	420	33%
Materials, components, and other items	187	15%
	$1,271	100%
By Functions		
Manufacturing	$ 780	61%
Retailing	491	39%
	$1,271	100%
By Type of Consumer		
Civilian	$1,241	98%
Military	30	2%
	$1,271	100%
By Geographical Location		
United States of America	$1,219	89%
Other Countries	149	11%
(including non-consolidated sales)	$1,368	100%

In order to extend our leadership of the apparel industry, to strengthen our position in certain fields, and to close some of the gaps in the product lines we offer customers, fifteen top companies in specialized areas of the apparel industry were added to our operations.

To our materials and components operations, Lebanon Knitting Mill, Inc. of Pawtucket, Rhode Island, and the Wood and Hyde Leather Co., Inc. of Gloversville, New York, were added. Three additions came in the area of men's apparel manufacturers: Hayes Garment Co. of Nashville, Tennessee, Lally Manufacturing Co. of Utica, New York, and the H-K Corporation of Atlanta, Georgia. We gained representation in the women's hosiery manufacturing field with the acquisition of the Charles H. Bacon Co. of Lenoir City, Tennessee. The high fashion end of our women's footwear business was boosted by the addition of both Evins, Inc. of New York City and Societé Charles Jourdan of Romans, France.

As apparel retailers, we added four men's and women's apparel store groups: McFarlin's of Rochester, New York, Gilbert's of South Bend, Indiana, L. Strauss of Indianapolis and the Fahey-Brockman stores of Washington and Oregon. The Dixieland Stores in the Southeastern U.S. were valuable additions to our V. J. Elmore budget store chain.

Overseas in 1969, GENESCO acquired the remaining 50% of GENESCO-Interstyle—men's, women's and children's under and outer apparel manufacturers—and changed the name to GENESCO Europa. Also acquired was the Delmar Swan Company, couture beachwear manufacturer of Milan, Italy.

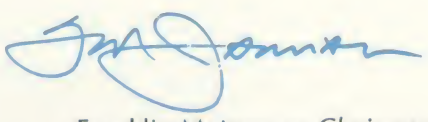
Additionally, GENESCO has agreed to acquire on a pooling of interests basis the outstanding stock of Kenrose Manufacturing Co. of New York and its affiliated companies, pending a favorable tax ruling. Kenrose is a manufacturer of women's dresses, robes, loungewear and sportswear.

An entirely new direction was taken with the formation of the Signal Company, our first company with truly global impact. This operation combines our interests in the I. Miller Shoe Company of New York and the H. & M. Rayne Company of London with two of our new firms—Jourdan of France and Evins of New York. We expect this new concept to have great influence on future worldwide shoe fashions and sales.

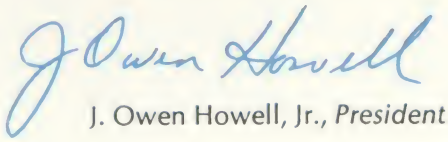
During this 10th year as a fully integrated apparel company, GENESCO management underwent major changes. W. Maxey Jarman, who had been with the company since its beginning and had served as chief executive officer since 1932, retired on 31 May 1969. He continues as a director and will serve as chairman of the Corporate Finance Committee which meets monthly to review such matters as allocation of funds, acquisition possibilities, long and short term debt arrangements. William M. Blackie, executive vice president and chairman of the Executive Committee, who reached retirement on the same date, continues as a director and a trustee of GENESCO's Employees' Retirement Fund. The top three corporate offices are now held by F. M. Jarman as chairman of the corporation, J. Owen Howell as president, and E. DeVaughn Woods as executive vice president and chairman of the Executive Committee.

The following pages of our report have been designed to relate: what "tomorrow" will look like in the world of apparel; who, where and what we are today; and how we are preparing for the opportunities for growth to be found in the challenges of the future.

The 1970's will see major changes in the apparel industry. New fashions, new materials, new manufacturing methods will cater to a younger, more affluent, and greatly expanding market. Apparel headed the list of industries in *Fortune* magazine's study of rate of sales increase for 1968. By 1975, the apparel market should be half again as large. Retailing is already being concentrated in fewer and fewer hands. Manufacturing must follow this lead. Only a large global company like GENESCO has the needed resources for research, development, and implementation in the years ahead. Our dual goal for the next decade is: to reach and maintain not less than 5% of the apparel business; and to do so on an increasingly profitable basis. We have the people, the plans, the facilities, the resources, and the determination. As the 1970's begin, we are well on our way.



Franklin M. Jarman, *Chairman*



J. Owen Howell, Jr., *President*

1969
and
tomorrow

GENESCO—1969 AND TOMORROW

Tomorrow is not a crystal ball.

Tomorrow's technologies, customers, management tools are already born. The unexpected will happen. Strategies will change. But the broad outlines of the future can be sketched. GENESCO growth can be planned. First, technologies.

Women in the 21st century won't wear a stitch.

No. Clothing won't go out of style. But sewing will. Seams will be joined with adhesive, not thread. New fibers and fabrics will maintain body temperature in all climates. Stretch materials will gain—even in men's suits, dress shirts, footwear—adding to comfort, reducing inventories. All clothing will be travel-oriented—comfortable, wrinkle-resistant, packable, non-seasonable, easy to wear and change. Disposable apparel will enable people to travel light.

The customer will always rule.

GENESCO's future holds more customers. Younger customers. Customers with more time, money, education, sophistication and diversity of interests. Life-styles will change. Government, society and economy will shift toward complexity and depersonalization. Apparel will counter this trend. Become more daring, colorful, innovative. Casual attire will grow in importance. In the next decade, the three groups that spend most on apparel will grow—technical and professional up 45%, managers and officials 23%, clerical and sales 31%. Incomes will rise sharply—see Table No. 1—and apparel will get a growing share of the discretionary dollar.

Today's teens will dominate the market.

Youth is always important. Tomorrow it will be more important. By 1975, 44% of the population will be 25 years old or younger. A tremendous population wave—See Table No. 2—will reach the "acquisitive" age of 25 to 35. This group has already sparked a fashion explosion, introduced high-style to men's wear. It will never lose its fashion interest and innovative outlook.

Apparel industry leads in growth, should hit $71 billion in 1975.

Apparel led the list of 22 industries in *Fortune's* study of 1968 sales increases. As the largest apparel firm, GENESCO stands to profit most from increases in both population and per capita spending. Apparel's share of consumer non-durable goods dollars rose from 18% in 1960 to 19.9% in 1968. Last year, 200 million Americans bought $45.8 billion worth of apparel and shoes. By 1975, 215 million will spend $71.5 billion on clothing and footwear.

(OPPOSITE) "S. A." to the apparel industry—"The Jungle" to New York cabbies, Seventh Avenue is the heart of the fabled garment district—the sales office for the apparel America and the world wears.

Unique information resources will keep us on top of a fast-changing market.

A unique GENESCO computer system now analyzes monthly reports of apparel purchases from a Consumer Purchase Panel of 7000 householders, compares reports with demographic data, and spotlights consumer trends with record speed. GENESCO's internal interchange of information is another resource from among all levels of distribution in all parts of the industry and all areas of the globe. These superior information resources minimize the risk of marketing decisions and are a major factor in GENESCO's growth.

Computers are revolutionizing inventory control and merchandise planning.

GENESCO's footwear group will soon be using optical scanners to feed salesmen's orders directly into computers which control production planning, order filling, raw material purchases, and sales forecasting. By the 1970's, retail cash registers hooked to computers by telephone will automate order writing. Retail and manufacturing computers will "talk" directly—eliminating back-orders and out-of-stock conditions, slashing clerical costs, providing more accurate data to guide strategic marketing decisions.

Retailing will wear a new face.

New stores will cluster in giant regional and center-city shopping centers. Traffic congestion, non-store retailing and discounters will continue to grow. But department and specialty stores will find their forte in fashion merchandise, and in putting excitement back in retailing.

Imports beckon and threaten.

Imports of textiles and clothing have risen from $.7 billion in 1963 to $1.3 billion today. Imports now have one-third of our footwear market. GENESCO's apparel and footwear manufacturers counter this threat with better service to reduce retail inventories, with automation and mechanization to improve productivity. Various GENESCO divisions import apparel items. Others export both goods and skills.

Larger integrated companies are an economic necessity.

Companies like GENESCO enjoy a strong competitive edge in an industry which is still fragmented—with half of the 25,000 U.S. apparel companies now in existence employing less than 20 people. Only substantial capital can fund needed expenditures for automation, computerization, new retail stores, research and development. Only global information sources can keep up with tomorrow's fast-moving consumer. The ability to understand and react quickly to the consumer remains the key to apparel marketing success—in *1969 and Tomorrow.*

TABLE NO. 1
DISTRIBUTION OF PRETAX PERSONAL INCOME
% of Consumer Units in Income Class

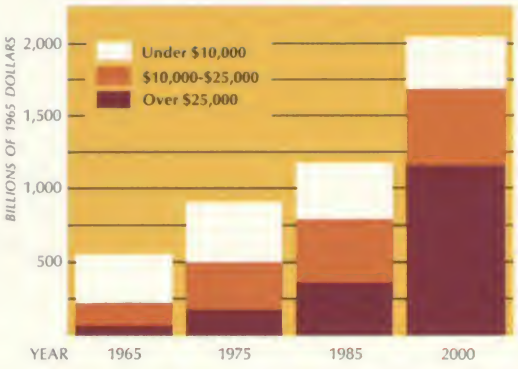
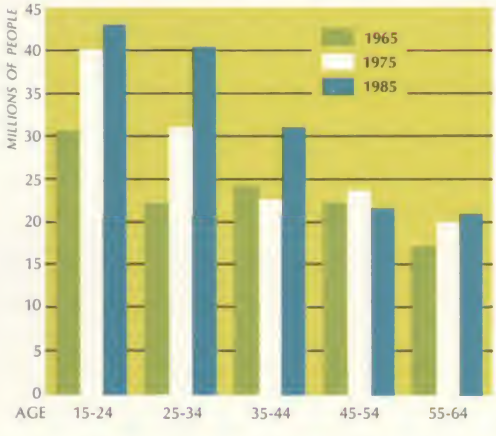


TABLE NO. 2
ADULT POPULATION OF THE U.S.
Current and Projected by Age Group



manufacturing
and
wholesale

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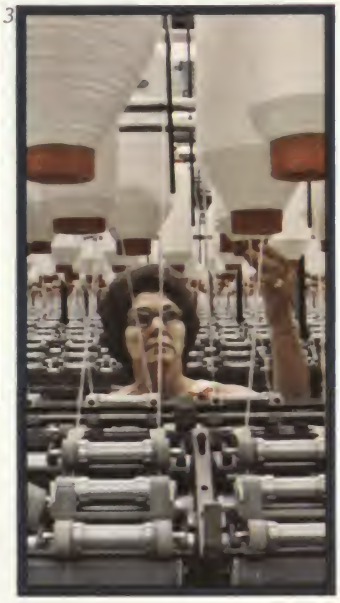

(OPPOSITE) More than 25 million pounds of raw cotton move through this one GENESCO warehouse each year in the first step on the way to becoming apparel.

(1) Such double knit machines produce both natural and synthetic yarns for women's fashions at Lebanon Knitting Mills.

(2) A workman at Wood and Hyde Leather Company forms sheep skins for the apparel leather industry. 80% of the golf gloves made in America use leather from Wood and Hyde.

(3) At Swift Spinning Mills, endless rows of spinning frames spin various yarns for many types of fabrics.

GENESCO success is built on an uncommon combination of fully competitive companies, integrated both vertically and horizontally, within the specialized field of apparel.

Vertical integration begins with the raw materials—natural and man-made—from which apparel is fashioned. GENESCO tans and processes leathers. Spins natural and synthetic yarns. Weaves and knits fabrics. Produces chemicals, adhesives, finishes, even boxes and shipping cartons. GENESCO converts leathers and fabrics into a broad spectrum of apparel and footwear. Warehouses raw materials, components, finished goods. Sells to its own and outside retail stores.

Horizontal integration is equally broad. GENESCO manufactures footwear, outerwear and underwear for men, women and children. Lines range from volume merchandise to internationally known, high fashion brands. Operations cover the United States, Canada, Latin America, Europe, the Pacific area, Africa.

Competition and specialization promote corporate health. Finished products and component parts are sold to and bought from outside companies as well as other GENESCO divisions. Result: internal competition is constant and vigorous. Yet each division draws strength from the others. Specialization in apparel, with its related technologies and markets, makes interchanges of manpower and information stimulating and productive. Sound growth results from cross-fertilization of ideas—from raw materials to manufacturing to distribution to retailing, from couture fashions to mass styling, from makers of all kinds of apparel for all kinds of people in all price ranges in virtually all parts of the world.

manufacturing
and
wholesale

1

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3

(OPPOSITE) Phoenix Clothes combines couture silhouettes and impeccable taste to produce the look for 1970.

(1) Colorful fabrics go into slacks for men and women at one of the Hayes Garment Company's 16 plants.

(2) The latest silhouette in men's slacks—flared bells—by MALE from the H-K Corporation.

(3) Yarn is processed at Lally Manufacturing Company for fabric knitting in the production of men's underwear.

In the 1970's the most important men's wear marketing fact will be the growth of the number of men aged 25 to 35. By 1975 this group will total 15.7 million, a 40% increase over 1965. The men's apparel market will grow even faster. Many of these young men are restless, mobile, innovative, individualistic. They want new colors, new materials, new styles, new types of apparel. Wardrobes will be larger. Fashion changes will accelerate. Discretionary income will grow too. We project an increase in per capita apparel sales, as growing numbers of these young men reach this age group in the 1970's.

GENESCO led the industry in anticipating this trend toward a greater concern for a varied, more colorful personal appearance in the growing youth market. We were first to introduce collections of men's apparel by famous European and American designers. This year the trend has accelerated and GENESCO's early involvement in fashion innovations has strengthened its competitive position. New developments include wider lapels, 4-, 6-, even 8-button jackets. Slacks have new shapes: flares, bells, straight legs. But innovation is not all.

We keep a solid base under our business with extensive operations in high volume, conventionally styled men's outerwear, underwear, casual and sportswear. Although the rate of growth will still be spectacular in high fashion apparel, we project substantial increases in volume lines as well. Together, these two elements of our business offer an excellent economic outlook for GENESCO Men's Apparel in the 1970's.

manufacturing
and
wholesale

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(OPPOSITE) The STJ division of Susan Thomas, Incorporated, features a number from its collection designed by Marshall Klugman.

(1) Such correct fashion interpretations for the young junior market as these have helped Whistlestop, a division of Girltown, Inc., to record sales increases.

(2) One of the largest manufacturers of women's and children's sleepwear, Greensboro ships to more than 20,000 stores in all 50 states.

(3) Dozens of pairs of women's seamless hose are simultaneously boarded in a Charles H. Bacon Company mill.

(4) Lee Beachwear presents the reptile leather-look from its Robby Len collection.

Frequent fashion changes and rapid obsolescence are not new trends in women's and children's apparel. But fashion has rarely been as fluid, as diverse and as far-reaching as it is today. Trends shift from month to month. There is not one "look" but many. Fashion is almost as important in hosiery and undergarments as in outer apparel. As fashion becomes more diverse, inventory and distribution problems multiply and require more sophisticated controls. New fibers, new blends, new finishes, new technologies cause equally rapid changes in fashion design and manufacturing processes.

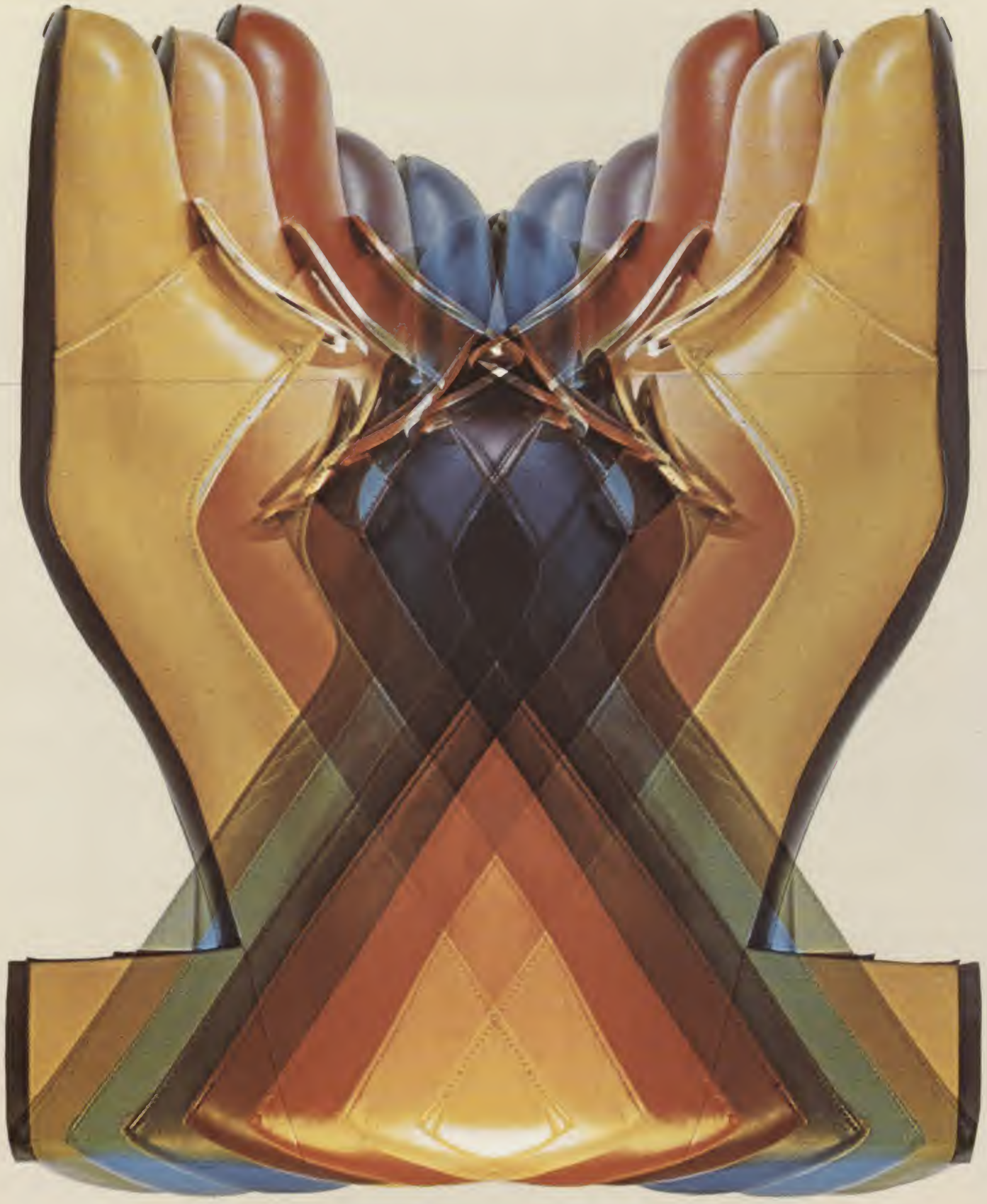
GENESCO informational resources provide valuable competitive advantages in this fluid market. Exceptional facilities for the collection, analysis, retrieval and dissemination of fashion related data help keep us current in this fast-moving industry. Such specialized knowledge, research and development facilities, and investment capital enable us to be timely with the products we sell. Advanced management technologies and computerized control systems make it possible for GENESCO companies to solve production scheduling, inventory, cash flow and other problems with a high level of efficiency.

Great stability grows out of the fact that GENESCO spans virtually the entire spectrum of women's and children's wear—from items for the mass retailer to ones for the fashion apparel boutique.

The future of the women's and children's apparel industry lies with those companies which can anticipate and act on changes in consumer demands and technical innovations of today and tomorrow.

We are confident that the foundations already laid will enable GENESCO to enhance its leadership in the expanding apparel opportunities of the 1970's.

manufacturing
and
wholesale



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4

(OPPOSITE) A whole spectrum of colors in fashion shoes for women comes from Societé Charles Jourdan.

(1) Distinguished design, expert craftsmanship, and highest quality have been hallmarks of Johnston and Murphy shoes since 1882.

(2) Acrobat children's shoes are tested in a living laboratory to insure maximum comfort and wear.

(3) The new high-riding silhouette of this David Evins design is bold and elegant in its simplicity.

(4) Recent expansion of facilities plus installation of this conveyor system have doubled the capacity of the Danville, Kentucky, footwear plant.

From leather on the hoof to leather on the consumer's foot, GENESCO footwear operations are integrated for maximum efficiency. No GENESCO cowboys ride corporate ranges but we do earmark top quality herds for our leather footwear requirements. We tan leather for both soles and uppers. We also utilize man-made materials and fabrics. We cut, mold and sew these components into footwear which we wholesale to outside retailers and also retail through our own stores.

Vertical integration hones the competitive edge. No GENESCO footwear division has a chance to coast on captive consumers and captive resources. Why? Because GENESCO divisions both sell to and buy from outside companies. The result? A constant incentive to offer better services, better quality.

The footwear market is so divided among small companies that GENESCO is already a major factor in many segments. To strengthen our position in the footwear market, GENESCO is also integrated horizontally in men's, women's and children's shoes. In each we have a substantial share of unbranded volume business. We own a number of popular as well as medium priced brands—each with its own market niche. We are also strong in fast-moving, profitable higher priced fashion footwear.

Our twin goals—achieving full vertical integration, building a broad horizontal base—have made GENESCO a leader in the shoe business. But there is no reason to believe that a plateau is even close. We look for great expansion in GENESCO footwear in the 1970's.

manufacturing and wholesale

OPERATING COMPANIES

*STOGEL 31 Yrs.

*CURRIER 3 Yrs.

McALISTER 11 Yrs.

F. LOW 13 Yrs.

E. CAMP 24 Yrs.

H. COLCHAMIRO 18 Yrs.

*GREIF, II, 20 Yrs.

MARCUS 25 Yrs.

ROBINS 1 Yr.

*Board of Governors

Charles H. Bacon Company, Inc.
E. C. Cifers, *President*
Women's hosiery

Baltimore Clothes
David L. Greif, II, *President*

L. Greif & Bro.
David L. Greif, II, *President*
Wholesaler of men's clothes in the higher and medium price ranges

Seaboard Manufacturing
Manufacturer of men's clothes in the higher and medium price ranges

English-American Tailoring Company
Mark J. Sloman, *President*
Individualized, made-to-order men's clothes

WeatheRogue, Inc.
Victor Semos, *President*
Men's rainwear

Berkshire Apparel Corporation
Sidney Stogel, *President*
Women's and misses' dresses

Camp and McInnes, Inc.
Erwin Camp, *President*
Leo Camp, *Executive Vice President*
Quality men's hosiery

Conleco
Thomas B. McAlister, *President*

Elliott Hide Co.
A. Frank Pilchard, *President*
Hides

Sole Leather Contan
Dan Smith, *President*
Contract production of sole leather

Upper Leather Contan
Contract tanning of upper leather

Cut Sole Division
J. Virgil Nipp, *President*
Cut soles

Wood and Hyde Leather Co., Inc.
Benjamin F. Dennie, *President*
Apparel leather processing

Whitehall Leather Co.
Upper leather

GENESCO

Footwear Manufacturing
James H. Cheek, Jr., *President*

Pyramid Shoe Manufacturing
Brandon Edmondson, *President*
Plants in Southern, Eastern, and New England states manufacturing women's and children's shoes

Triangle Shoe Manufacturing
Paul J. Smith, *President*
Plants in Southern states manufacturing men's and boys' shoes

Footwear—Marketing and Staff
George Q. Langstaff, Jr., *Director*

Distribution Staff
John A. Ball, *Director*

Accounts Receivable
T. Douglas Oxford, *Manager*

Footwear Material Management
Dallas J. Jones, *Director*

Footwear Product Development and Style Trend
Joel Glassman, *Director*

G., H. & E. Freydberg, Inc.
Irwin G. Freydberg, *President*
Children's clothing

Girltown, Inc.
Leo Marcus, *President*
Sportswear for girls and juniors

Greensboro Manufacturing Company
Jess M. Colchamiro, *Chairman of the Board*
Harvey Colchamiro, *President*
Popular-priced women's and children's sleepwear

Haywood Company
Eli G. White, *President*

Hayes Garment Co.
Robert Hayes, *President*
Men's and women's denim and twill apparel

J. M. Wood Mfg. Co., Inc.
Maurice E. Miller, *President*
Utility and casual clothes for men

H-K Corporation
Tabin Kaminsky, *President*
Distributors of MALE brand slacks

Imperial Shoe Company
Fowler Low, *President*
Harold C. Christiansen, *Vice President*

Charm Step Shoe Company
Robert L. Richter, *President*
Women's popular-priced shoes

Cover Girl Shoe Company
Russell Wilson, *President*
Contemporary shoes for young women

Mannequin Shoe Company
John Rimsky, *President*
Medium-priced women's fashion shoes

National Vogue Shoemakers
C. William Cathey, *President*
Women's shoes for independent retailers and department stores

Valentine Shoe Company
Sidney A. Smith, *President*
Classically styled shoes for women

Youngtimer Shoe Company
William C. Cook, *President*
Children's shoes

Intimco
A. John Currier, *President*

Formfit Rogers
Foundation garments and lingerie

Hamilton Sales Company
Foundation garments and lingerie for private label volume accounts

Intimco Manufacturing
Howard Sembla, *Vice President*
Foundation garments and lingerie

Kelita Sportswear
Fred Robins, *President*
Junior and junior petite sportswear

*LANGSTAFF, JR. 21 Yrs.

*FREYDBERG 31 Yrs.

WHITE 1 Yr.

*CHEEK, JR. 22 Yrs.

CIFERS 8 Yrs.

*Board of Governors

manufacturing and wholesale

OPERATING COMPANIES

EARTHMAN 22 Yrs.

ROCKMAN 1 Yr.

BRUMBERGER 17 Yrs.

*THOMAS 26 Yrs.

**VAUGHN 39 Yrs.

GROSSMAN 35 Yrs.

**COOK 38 Yrs.

Lebanon Knitting Mill, Inc.
Clinton Grossman, *President*
Single and double knit fabrics

Lee Beachwear Company
Louis Brumberger, *President*
Popular-priced women's swimwear

Majestic Sportswear
Frank Rockman, *President*
Misses' sportswear

Major Blouse Company
Abraham K. Baum, *President*
Women's blouses

Mantex
G. Warren Gregory, *President*

Byproco
Leonard Kushins, *President*
By-products distribution

Capitol Products Company
V. J. Johnson, Jr., *President*
Cartons and containers

General Adhesives and Chemical Company
Leamon H. Harris, *President*
Adhesives, sealants, finishes and chemical products

Kingsboro Textile Company
John S. Moore, *President*
Tricot and raschel knit fabrics

Kingtex Fabrics
Marcus C. McCreary, *President*
Circular knit industrial fabrics and knitted thermal fabrics

Knitfabs
Oscar Kane, *Manager*
Double knit fabrics

Xantex
Morton R. Goldman, *President*
Fashion knit fabrics

Mayfair Furnishings

Ainsbrooke Corp.
Irving Flamberg, *Chairman*
Morton Flamberg, *President*
Men's and boys' underwear and pajamas

Flagg-Utica Company
Robert G. Davidson, *President*
Fabrics, underwear

Lally Manufacturing Co.
John W. Lally, *President*
Men's and boys' lightweight and thermal underwear

*Board of Governors **Board of Directors and Governors

GENESCO

Mayfair Furnishings (*cont.*)

Mayfair Sportswear
J. E. Vilagi, *President*
Casual outerwear

Men's Branded Footwear
Edward W. Graham, Jr., *Director*

Cedar Crest Shoe Company
Frank Merhoff, *President*
Men's and boys' service, dress and special-purpose shoes and boots

Douglas Shoe Company
Howard Johnson, *President*
Men's and boys' dress and service shoes and boots

Fortune Shoe Company
Leonard Paul, *President*
Shoes for the young man

Jarman Shoe Company
Harry Clark, *President*
Men's dress shoes

Jarman Retail
William H. Maclay, *President*
Men's shoe stores and leased departments featuring Jarman shoes

Johnston & Murphy Shoe Company
John M. Settle, *President*
J & M and Frank Bros. shoes for men

Murphy Retail
James A. McCann, *President*
Leased departments featuring J & M shoes

Sandy McGee Shoe Company
W. Thomas Bowers, *President*
Men's and boys' popular-priced shoes

Republic Shoe Company
Charles W. Cook, *President*
Richard C. Dunn, *Executive Vice President*
Shoes for private label volume trade

Signal Company
William W. Earthman, *President*

Car-Mil Company
Richard C. Joseph, *President*
Mademoiselle and I. Miller fashion shoes for women

Carlisle Shoe Company
Warren C. Kolkebeck, *President*
Mademoiselle fashion shoes for women

Signal Company (*cont.*)

I. Miller & Sons, Inc.
Harold Kaplan, *Managing Director*
Women's quality fashion shoe salons in New York and other cities. Principal lines include I. Miller, Evins, Ingenue and Millerkins

I. Miller Wholesale
Wholesaler of I. Miller shoes to outstanding retailers throughout the country

Evins, Inc.
David Evins, *President*
Evins shoes for women

H. & M. Rayne—
Rayne Delman Company (Affiliated)
Edward Rayne, *President*
Delman quality fashion women's shoes. Salons in New York and other cities; design studios in New York, London and Paris

Societé Charles Jourdan
René, Charles, Jr., Roland Jourdan
Manufacturers and distributors of designer women's footwear

Susan Thomas, Incorporated
William Thomas, *President*
Separates, knits and dresses for women, juniors and misses

New York Mackintosh, Inc.
William Mendl, *President*
Rainwear for ladies and girls

Rona Dresses, Inc.
Randolph Rosenthal, *President*
Maxwell Rittenberg, *Secretary and Treasurer*
Ladies' dresses and ensembles

Swift Spinning Mills, Inc.
Peter Morrow, *President*
Cotton, wool and synthetic spun yarns

Victor Clothing Company
Alexander Lerner, *President*

Esquire Sportswear Manufacturing Corp.
David Lewis, *President*
Men's slacks, walk shorts, and rainwear

Hardy Amies—U.S.A.
Richard Frank, *President*
Distributor of men's fashion apparel designed by Hardy Amies

Phoenix, Inc.
Alexander Lerner, *President*
Medium-priced men's clothes

Jordan Clothing Company
Private label men's clothes

Zenith Shoe Company
Houghton D. Vaughn, *President*

Dominion Shoe Company
John W. Bracewell, *President*
Shoes for private label volume trade

Kleven Shoe Company, Inc.
Howard Grayson, *Executive Vice President*
Women's private brand fashion shoes

Sentry Shoe Company
William Lyle Hammond, *President*
Shoes for private label volume trade

MORROW 1 Yr.

*W. GREGORY 30 Yrs.

*LERNER 24 Yrs.

**GRAHAM, JR. 23 Yrs

*Board of Governors **Board of Directors and Governors

retail

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(OPPOSITE) In the Detroit suburb of Troy, this new store is the latest elegant addition in Bonwit Teller's goal of a new store every 18 months.

(1) Roos/Atkins' recently opened headquarters store will have an entrance directly into this main downtown station of San Francisco's new Bay Area Rapid Transit System upon BART's completion.

(2) The Strauss "Doleful Hound" traditionally presides over the Quad-Hi Youngdale shops for the 116 year old L. Strauss and Company of Indianapolis.

(3) The Fahey-Brockman men's wear stores in Washington and Oregon are now a part of the Roos/Atkins store group.

(4) Gilbert's operates a highly successful Notre Dame campus shop in addition to this downtown South Bend store.

(5) Its new Greece Mall store extends McFarlin's coverage in the expanding market area of Rochester, New York.

GENESCO retail stores play a dual role in our vertically integrated company. They are, of course, producers of income and profit. But they also serve as valuable sources of information to our manufacturing and wholesaling divisions.

No one knows the consumer like those who sell at retail. And since GENESCO's retail operations range horizontally from chains of budget apparel and shoe stores to specialty stores offering designer fashions, we know all kinds of customers. We can gauge the customer looking for value at popular prices as well as the customer looking for the latest in fashion, to whom price is no object. We have stores featuring apparel for men, women and children. We are as familiar with the customer on the West Coast as on the East Coast. The feedback from these retail operations proves invaluable to us in measuring trends, gauging markets, and planning strategies for seasons to come.

In large measure, GENESCO success at retail rests on our unusual facilities for developing and updating a successful approach to fashion. We are rapidly becoming known for a special kind of "fashion sense"—a feel for fashions that are ahead of the industry but not ahead of the market.

retail

OPERATING COMPANIES

*CUSTIN 11 Yrs.

*LONG 31 Yrs.

HALES 34 Yrs.

FAHEY 28 Yrs.

FISHEL 22 Yrs.

COCHRAN 6 Yrs.

*SCHWARTZ 2 Yrs.

STUTZ 15 Yrs.

Henri Bendel
Geraldine Stutz, *President*
Specialty apparel store for women on New York's fashionable 57th Street

Bonwit Teller Company
Mildred Custin,
Chairman of the Board
William M. Fine, *President*
Specialty apparel stores in New York, Chicago, Cleveland, Boston, Philadelphia, Palm Beach, Manhasset (L.I.), Short Hills (N.J.), Oak Brook (Ill.), Jenkintown and Wynnewood (Pa.), Troy (Mich.), and Westchester County (N.Y.)

V. J. Elmore Inc.
Joe B. Long, *Managing Director*
Raymond Hales, *President*
Budget store chain, primarily in the South

Flagg Bros.
Robert S. Cochran, *President*
Shoe stores featuring footwear designed particularly for young men

Gidding-Jenny, Inc.
Bertram E. Fishel, *Chairman*
Specialty stores for women in Cincinnati and Dayton, Ohio

John Hardy Shoe Company
Joe B. Long, *Managing Director*
Richard H. Fahey, *President*
Popular-priced men's shoe stores

*Board of Governors

GENESCO

S. H. Kress & Company
George Schwartz, *President*

Nationwide chain of budget apparel and variety stores

National Clothes

Baron's
Earl Pertnoy, *President*
Men's clothing stores, principally in southern Florida

Burkhardt's
Ralph Nash, *President*
Men's clothing stores in Cincinnati, Ohio, and Nashville, Tennessee

M. Gilbert and Sons Company, Inc.
Paul Gilbert, *President*
Men's and women's apparel stores in South Bend, Indiana

McFarlin's
Phillip Brandmier, *President*
Men's and women's apparel stores in Rochester and Syracuse, New York

L. Strauss and Sons, Inc.
William Freeman, *President*
Men's and women's apparel stores in Indianapolis, Indiana

R.A.M.—Retail Apparel for Men
Bruce G. Allbright, *President*

Men's and women's apparel stores in New York and other cities; Frank Bros., Roger Kent, Whitehouse & Hardy

Roos/Atkins
Ron Wilhite, *President*

Men's and women's apparel stores in California, Nevada, Washington and Oregon

McInerny's
Lawson H. Riley, *President*
Men's and women's clothing stores in Hawaii

Superior Shoe Company
Marion Markus, *President*

Bell Bros. Inc.
Ed Meddars, *President*
Popular-priced family shoe stores

Berland Shoe Company
Stanley W. Nussbaum, *President*
Leased family, women's and men's shoe departments

Interstate Shoe Co.
Stewart Bronaugh, *President*
Family shoe stores and leased shoe departments from coast to coast including: Brittain's, French Bootery, Guarantee shoe stores, Innes shoe stores, Sommer & Kaufmann shoe stores

T.N.T.—Today Not Tomorrow
B. J. Butner, *President*

Allen Stores
Maury Goodman, *President*
Women's popular-priced shoe stores

Holiday-Wise
Ray G. Manning, *President*
Shoe stores selling medium-priced women's fashion shoes

BUTNER 21 Yrs.

WILHITE 8 Yrs.

ALLBRIGHT 20 Yrs.

*MARKUS 4 Yrs.

*Board of Governors

transnational

Worldwide manufacturing and *marketing operations*—with few exceptions—have long been important activities for most major American industries other than apparel. American apparel industry's extreme fragmentation with resultant lack of sufficient investment capital, lack of in-depth management know-how and continuity has contributed to almost an American apparel "isolationism."

Today GENESCO is an outstanding exception. Our Transnational Group's manufacturing and marketing apparel operations—starting from a single shoe plant in Mexico in 1942—now encompass most of the free world. GENESCO's Transnational divisions today operate in more than 15 different countries. These include Canada, Mexico, Great Britain, France, Switzerland, Portugal, Belgium, Holland, West Germany, Italy, Japan and Australia. Manufacturing and marketing facilities total some 40 plants and distribution terminals, over 350 retail stores. Range of apparel products made and marketed parallel to a great extent those of our American divisions.

Autonomous operating company management by nationals is a continuing Transnational policy. The business knowledge and management abilities of such experienced nationals are combined with GENESCO-developed techniques of production, management and capital utilization. As a result, important economic contributions are being made to the growth of the apparel industries in these countries.

Transnational operations today represent some 11% of GENESCO total volume, including sales of non-consolidated companies, some of which are not wholly owned. With the Common Market showing signs of rejuvenation and economic development advancing rapidly in many parts of the world, we are confident that our Transnational operations will account for a greater share of our total volume in the 1970's.

(OPPOSITE, TOP LEFT) A quilted bathrobe from the varied collection of GENESCO Europa's Berlin-based Bohne Division in West Germany.

(OPPOSITE, TOP RIGHT) Swim wear by Swan Original of Milan, Italy, a division of GENESCO Europa.

(OPPOSITE, BOTTOM) A wide range of men's fashion apparel from Confezioni San Remo, Italy.

OPERATING COMPANIES

Canagen

Dan Gregory, *Area Director*

Agnew-Surpass Shoe Stores, Ltd.
Robert F. Whitby, *President*
Coast to coast chain of family shoe stores

British Rubber Co., Ltd.
Edward G. Wellheiser, *President*
Manufacturers and distributors of protective footwear

Formfit Canada
W. J. Moss, *President*
Intimate apparel

General Shoe of Canada
Dan H. LeRoy, *President*
Manufacturers and wholesalers of men's, women's and children's shoes

J. A. Johnston Company, Ltd.
Peter D. L. Johnston, *President*
Wholesalers and retailers of shoes for men and women

Eurogen

Ben H. Willingham, Jr., *Area Director*

Chaussures Rehault, S.A.
Jean and Pol Rehault, *Managing Directors*
Manufacturers, wholesalers, and retailers of women's shoes

Eurogen *(cont.)*

Confezioni San Remo, S.P.A.
Sergio Comunello, *Managing Director*
Manufacturer of men's and boys' ready-to-wear clothing

Genesco Europa
Vernon Suter, *Chairman*
Manufacturers and wholesalers of under and outer apparel for men, women and children

Trans Gen

Francis W. Parker, *Managing Director*

Genpac (Pacific)
Brian Ettelson, *President*
Under apparel and footwear manufacturing and wholesale operations in Australia, Japan and other Pacific area countries

Latam
Rafael P. Menendez, *Area Director*
Latin American manufacturing, wholesale and retail operations

Lexim
Francis W. Parker, *President*
Licensing, exporting, importing

Nadia, S.A.
Salvatore Montinaro, *General Manager*
Manufacturers and wholesalers of women's shoes

WILLINGHAM, Jr., 8 Yrs.

PARKER 22 Yrs.

D. GREGORY 24 Yrs.

research
and
development

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2

3

(OPPOSITE) Dr. William R. Bridges, internationally known inventor of the Noble Gas Ion Lasers, examines a laser beam in the development of Laser Cutting Equipment for GENESCO. Such equipment will take engineered pattern data and economically cut one ply of fabric at a time for faster reaction, greater cutting accuracy, plus fixed cutting cost at any volume of production.

(1) Designer meets computer at Berkshire in the development of a system to store, retrieve, and modify dress patterns for better fit and greatly reduced reaction time in designing new fashion apparel for production.

(2) At Whitehall Tannery, a new process has been developed using concrete mixers as "reactors" to replace the age old wooden tanner's drums for automated control of continuous processing in leather tanning.

(3) Engineering Prototype of a Sewing Guidance System being developed in cooperation with The Singer Company. Equipment senses a fabric's edge causing the seam to follow it—a significant first step leading to automatic sewing and ultimate flexibility in the mechanical processing of fashion apparel.

Research and development in most industries involves product improvement or creation of new products by scientists and engineers. In apparel, product improvement or creation is done by designers—fashion dictates change.

Apparel traditionally has been one of the least automated of all major industries. The reasons: apparel manufacture requires numerous detailed and precise operations conventional machines cannot handle; in a widely fragmented industry, small apparel companies cannot afford the costs of automation research and development.

Not so at GENESCO. Some time ago we instituted a research and development program of applying "space age" technology to apparel manufacturing —GENESCO's Process Development Programs—to parallel and complement GENESCO's long established Product Development Programs.

Process Development at GENESCO consists of a central group plus operating company groups, all staffed with experienced engineers from "space" industries. The central group is responsible for development of overall systems and "generic" components. Operating company groups are responsible for implementing central "generic" components and for developments peculiar to their company.

FAST—acronym for Fashion Apparel System of Tomorrow—is the result of tremendous progress in Process Development at GENESCO. FAST applies the latest technology to all areas of manufacturing from designer's sketch to packaged product. Work is well underway in developing key components of FAST. The actual engineering required to design prototypes from GENESCO developed concepts and component specifications is contracted with space-program involved companies. Tangible, profitable results in specialized operations have already been achieved.

GENESCO Today—with FAST—is applying the vast currently available technology to the complex program of mechanizing apparel manufacturing.

GENESCO Tomorrow—through FAST—will reap the benefits of mechanically producing apparel with almost instantaneous reaction to fashion changes and a consistency in quality and fit that can be produced only through such an approach as FAST.

GENESCO

consolidated balance sheet 31 July 1969 with comparative figures for 1968

ASSETS

Current Assets:	1969	1968 AS PREVIOUSLY REPORTED	1968 RESTATED FOR POOLINGS OF INTERESTS
Cash	**$ 27,455,000**	$ 35,731,000	$ 39,789,000
Time deposit	**15,000,000**	25,000,000	25,000,000
Receivables	**123,078,000**	93,839,000	113,368,000
Inventories	**250,097,000**	202,942,000	225,183,000
Prepaid expenses	**3,910,000**	3,056,000	3,755,000
Total Current Assets	**419,540,000**	360,568,000	407,095,000
Investments and long-term receivables	**15,367,000**	8,582,000	9,695,000
Plant and equipment	**90,122,000**	71,011,000	84,264,000
Deferred charges	**8,702,000**	5,399,000	8,692,000
TOTAL ASSETS	**$ 533,731,000**	$ 445,560,000	$ 509,746,000

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:			
Accounts payable, accrued expenses and current portion of long-term debt	**$ 84,363,000**	$ 49,656,000	$ 78,259,000
Income taxes	**2,868,000**	9,298,000	10,607,000
Total Current Liabilities	**87,231,000**	58,954,000	88,866,000
Long-term debt	**117,763,000**	106,546,000	111,787,000
Minority interests	**1,393,000**	6,180,000	6,199,000
Deferred income taxes	**6,325,000**	6,901,000	5,574,000
Deferred credits to income	**24,568,000**	19,749,000	24,368,000
Stockholders' equity	**296,451,000**	247,230,000	272,952,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 533,731,000**	$ 445,560,000	$ 509,746,000

This page should be read in conjunction with the Financial Review on pages 29, 30, 31, and 32.

GENESCO

consolidated earnings

Year ended 31 July	1969	1968 AS PREVIOUSLY REPORTED	1968 RESTATED FOR POOLINGS OF INTERESTS
Sales	**$1,185,631,000**	$1,008,066,000	$1,112,900,000
Other income	**1,482,000**	1,234,000	1,264,000
Total Income	**1,187,113,000**	1,009,300,000	1,114,164,000
Cost of sales	**825,624,000**	684,682,000	767,251,000
Selling, administrative and general expenses	**290,864,000**	257,841,000	273,420,000
Interest expense	**13,307,000**	9,177,000	10,609,000
Federal, state and Canadian income taxes	**26,915,000**	25,355,000	28,475,000
Minority interests	**120,000**	240,000	259,000
Total Deductions	**1,156,830,000**	977,295,000	1,080,014,000
Net Earnings	**$ 30,283,000**	$ 32,005,000	$ 34,150,000
Earnings per common share (based on average common shares outstanding)	**$2.70**	$3.14	$3.12

consolidated earnings retained in business

Year ended 31 July	1969	1968 AS PREVIOUSLY REPORTED	1968 RESTATED FOR POOLINGS OF INTERESTS
Balance at beginning of year	**$ 157,030,000**	$ 119,228,000	$ 139,183,000
Net earnings	**30,283,000**	32,005,000	34,150,000
Dividends paid	**(18,995,000)**	(15,218,000)	(16,303,000)
Balance at end of year	**$ 168,318,000**	$ 136,015,000	$ 157,030,000

consolidated additional paid-in capital

Year ended 31 July	1969	1968 AS PREVIOUSLY REPORTED	1968 RESTATED FOR POOLINGS OF INTERESTS
Balance at beginning of year	**$ 97,674,000**	$ 72,575,000	$ 72,420,000
Sales price or fair market in excess of par or stated value of common and preferred shares issued	**15,052,000**	14,007,000	14,007,000
Stated value of preferred stock or principal amount of notes converted, in excess of the par value of common shares issued in exchange	**4,985,000**	11,247,000	11,247,000
Balance at end of year	**$ 117,711,000**	$ 97,829,000	$ 97,674,000

This page should be read in conjunction with the Financial Review on pages 29, 30, 31, and 32.

GENESCO

consolidated statement of source and use of funds

Year ended 31 July	1969	1968 AS PREVIOUSLY REPORTED	1968 RESTATED FOR POOLINGS OF INTERESTS
SOURCE OF FUNDS:			
Net earnings	**$ 30,283,000**	$ 32,005,000	$ 34,150,000
Depreciation and amortization	**11,374,000**	8,446,000	10,367,000
Amortization of deferred charges and increase in deferred taxes	**2,914,000**	3,729,000	5,578,000
Credits to earnings not providing funds	**(1,866,000)**	(3,525,000)	(3,999,000)
Funds derived from operations	**42,705,000**	40,655,000	46,096,000
Proceeds from sale of capital stock	**18,093,000**	14,421,000	14,458,000
Proceeds from long-term debt issued	**11,267,000**	22,020,000	24,781,000
Change in other investments	**872,000**	10,464,000	10,713,000
Plant and equipment sales, including sales and leasebacks	**9,867,000**	3,472,000	3,472,000
	$ 82,804,000	$ 91,032,000	$ 99,520,000
USE OF FUNDS:			
Dividends paid	**$ 18,995,000**	$ 15,218,000	$ 16,303,000
Treasury stock acquired	**5,882,000**	12,564,000	12,604,000
Long-term debt paid or charged against working capital	**5,289,000**	2,218,000	2,921,000
Change in minority interests	**4,806,000**	(338,000)	(343,000)
Other changes in nonconsolidated and 50% owned companies and deferred credits to income	**5,488,000**	(300,000)	(403,000)
Plant and equipment purchases	**27,099,000**	15,713,000	19,519,000
Increase in deferred charges and other assets	**1,165,000**	2,146,000	3,550,000
Increase in working capital	**14,080,000**	43,811,000	45,369,000
	$ 82,804,000	$ 91,032,000	$ 99,520,000

This page should be read in conjunction with the Financial Review on pages 29, 30, 31 and 32.

GENESCO

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
LIFE AND CASUALTY TOWER
NASHVILLE, TENNESSEE 37219

The Board of Directors and Stockholders
GENESCO Inc.

We have examined the consolidated balance sheet of GENESCO Inc. and consolidated subsidiaries as of 31 July 1969 and the related statements of earnings, earnings retained in business and additional paid-in capital and the statement of source and use of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated earnings, earnings retained in business and additional paid-in capital present fairly the financial position of GENESCO Inc. and consolidated subsidiaries at 31 July 1969 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying statement of source and use of funds for the year ended 31 July 1969 presents fairly the information shown therein.

Peat, Marwick, Mitchell & Co.

27 August 1969

GENESCO financial review

All subsidiaries are consolidated except those with operations outside the United States and Canada and those engaged in unrelated operations, all of which together with 50% owned companies are carried at equity value, with the results of operations for the year reflected in other income. Nonconsolidation of these companies has no material effect on the consolidated financial statements taken as a whole.

During the year, GENESCO acquired several companies on a pooling of interests basis and two companies which were accounted for as purchases. Comparative financial data for 1968 is shown as originally reported and as restated to include the companies pooled.

The 1969 and restated 1968 financial statements reflect a change in presentation of deferred charges and deferred income credits. These items, previously carried net of income taxes, have been increased by the income taxes applicable to each with a corresponding change in deferred income taxes.

Receivables are shown net of allowance for doubtful accounts and cash discounts amounting to $7,217,000 and $6,201,000 in 1969 and 1968, respectively.

Inventories are valued at the lower of approximate average cost or market and include finished products of $180,455,000 in 1969 and $156,882,000 in 1968. Raw materials and work in process amounted to $69,642,000 in 1969 and $68,301,000 in 1968. Inventories in transit at 31 July 1969 in the amount of approximately $5,000,000 are not included in the above.

GENESCO's investments and long-term receivables consist of investments in nonconsolidated subsidiaries and 50% owned companies of $13,193,000, employees' secured stock purchase accounts of $532,000, and the cost of other investments in the amount of $1,642,000.

Plant and equipment classifications at 31 July 1969 are as follows:

Land	$ 2,427,000
Buildings and building equipment	17,981,000
Machinery and equipment	60,982,000
Furniture and fixtures	59,752,000
Construction in process	2,889,000
Improvements to leased property	48,592,000
	192,623,000
Less accumulated depreciation and amortization	102,501,000
	$ 90,122,000

Depreciation and amortization expense in 1969 amounted to $11,374,000 provided generally on the straight-line method based on the estimated life of each class of assets.

Certain income and expense items are recognized for tax purposes in years other than the years in which they are reported in the financial statements. These items include depreciation, profits on installment sales, expenditures for tools and dies and deductions related to accounts receivable. The Federal income tax expense includes the tax effects of these timing differences which in 1969 resulted in a charge to the tax expense of approximately $750,000. In addition, the Federal income tax expense for 1969 has been reduced by an investment credit of $1,010,000.

The company's Federal income tax returns for the years 1964, 1965 and 1966 are presently under examination by the Internal Revenue Service. No significant additional tax liabilities are anticipated.

Long-term debt, including installments due currently, is as follows:

	CURRENT	NONCURRENT
4.75% convertible subordinated notes dated July, 1962, due 1982 with annual payments beginning 1973; convertible into common stock at $25.67 per share	$ —	$ 1,000,000
5.00% notes dated July, 1964, due 1984 with annual payments of $2,000,000 beginning 1 August 1970	—	40,000,000
5.25% notes dated February, 1961, due 1981, payable $938,000 annually	938,000	14,372,000

financial review *(continued)*

	CURRENT	NONCURRENT
Three-year notes payable to banks, due 1 August 1970 ($20,000,000) and 4 January 1971 ($20,000,000), interest payable at prime rate plus .25%	—	40,000,000
7.25% Deutsch Mark (DM20,000,000) note payable to foreign banks dated July, 1969, due July, 1976 with annual payments of DM7,000,000 (U.S. $1,750,000) beginning July, 1974	—	5,000,000
7.50% Deutsch Mark (DM20,000,000) notes payable to foreign banks dated July, 1969, due 1976	—	5,000,000
Notes payable incurred by subsidiaries prior to acquisition due in varying amounts to 1985 at various interest rates the major portion of which are from 4½% to 7% (guaranteed by GENESCO Inc.)	2,184,000	12,391,000
	$3,122,000	$117,763,000

The various note agreements restrict stockholders' equity except as to approximately $108,000,000.

The company guarantees all payments on the $12,408,000 debentures of a nonconsolidated foreign finance subsidiary. The guarantee is subordinated to the prior payment in full of all present and future senior indebtedness.

Deferred credits to income consist of profits of $22,332,000 from the sale and leaseback of real properties and equipment which are being amortized over the lives of the respective leases, and the net excess of equity over cost of acquired companies in the amount of $2,236,000 which is being amortized over extended periods of time. Amortization of these credits to income in 1969, net of taxes, amounted to $2,064,000.

The company has long-term leases in effect with a total minimum annual rental of $42,489,000, of which $16,345,000 is applicable to leases expiring by 31 July 1974; $25,445,000 is applicable to leases expiring after 31 July 1974 but by 31 July 1994 and $699,000 is applicable to leases expiring after 31 July 1994.

The changes in the shares of the company's capital stock during the year ended 31 July 1969 are summarized as follows:

	COMMON		PREFERRED	
	ISSUED	TREASURY	EMPLOYEES'	OTHER
Outstanding at 31 July '68	10,063,650	663,081	1,210,837	672,373
Purchases	—	84,894	—	—
Exchange offer to S. H. Kress minority stockholders	—	—	—	33,102
Conversion of securities	384,784	—	(68,297)	(86,317)
Employee options and purchase plans	165,753	—	210,585	—
Poolings of interests	270,910	(124,614)	—	360,812
	10,885,097	623,361	1,353,125	979,970
Less treasury stock	623,361		56,996	1,340
Outstanding at 31 July '69	10,261,736		1,296,129	978,630

The company's capital stock outstanding is detailed below:

	1969	1968
$4.50 cumulative convertible preferred stock at $100 stated and liquidating value per share. The redemption value is $103.50 per share. Each share is convertible into 3.75 common shares. Authorized 82,368 shares; outstanding 1969—45,681 shares, 1968—71,246 shares	$ 4,568,000	$ 7,125,000
$4.25 subordinated cumulative convertible preference stock, Series A at $3.00 stated value per share. Aggregate liquidating value 1969—$3,447,000, 1968—$6,894,000. The redemption value is $100 per share. Each share is convertible into 3.0 common shares. Authorized 68,943 shares; outstanding 1969—34,472 shares, 1968—68,943 shares	103,000	207,000
$6.00 subordinated cumulative convertible preference stock, Series B at $2.40 stated value per share. Aggregate liquidating value 1969—$13,433,000, 1968—$14,654,000. The redemption value is $105 per share. Each share is convertible into 2.4 common shares. Authorized 161,981 shares; issued 1969—134,772 shares, 1968—146,981 shares; 15,000 shares are reserved contingent upon earnings of certain acquired companies	323,000	353,000
$6.00 subordinated cumulative convertible preference stock, Series C at $2.20 stated value per share. Aggregate liquidating value 1969—$14,597,000, 1968—$11,877,000. The redemption value is $105 per share. Each share is convertible into 2.2 common shares. Authorized 269,291 shares; issued 1969—146,871 shares, 1968—119,665 shares; 19,835 shares are reserved contingent upon earnings of certain acquired companies	323,000	263,000
$2.30 subordinated serial preferred stock, Series 1 at $0.83 stated value per share. Aggregate liquidating value 1969—$3,866,000, 1968—$4,197,000. The redemption value is $42 per share. Each share is convertible into .8333 common shares. Authorized 131,826 shares; outstanding 1969—96,660 shares, 1968—104,916 shares	81,000	87,000

financial review *(continued)*

	1969	1968
$2.40 subordinated serial preferred stock, Series 2 at stated, liquidating and redemption value of $40 per share. Authorized 395,626 shares; outstanding 275,709 shares	11,028,000	11,028,000
$4.75 subordinated serial preferred stock, Series 3 at $2.11 stated value per share. Aggregate liquidating value $7,500,000. The redemption value is $105 per share. Each share is convertible into 2.10526 common shares. Authorized 105,875 shares; outstanding 75,000 shares; 30,875 shares are reserved contingent upon earnings of an acquired company	158,000	158,000
$4.75 subordinated serial preferred stock, Series 4 at $1.67 stated value per share. Aggregate liquidating value $6,100,000. The redemption value is $104 per share. Each share is convertible into 1.6667 common shares. Authorized 103,000 shares; outstanding 61,000 shares; 42,000 shares are reserved contingent upon earnings of an acquired company	102,000	102,000
$4.75 subordinated serial preferred stock, Series 5 at $1.61 stated value per share. Aggregate liquidating value $10,970,000. The redemption value is $100 per share. Each share is convertible into 1.6129 common shares. Authorized 122,500 shares; outstanding 109,700 shares; 12,800 shares are reserved contingent upon earnings of an acquired company	177,000	177,000
Subordinated cumulative preferred stock, at stated value of $1 per share. Aggregate liquidating value 1969—$3,500, 1968—$1,000. The redemption value is $34.10 per share. Authorized 5,000,000 shares; outstanding 1969—105 shares, 1968—25 shares; 1,296,129 shares are reserved for conversion of employees' preferred stock	—	—
Employees' subordinated convertible preferred stock at stated value of $1 per share. Aggregate liquidating value 1969—$44,198,000, 1968—$38,186,000. Each share is convertible into 1.0 common or subordinated cumulative preferred shares. Authorized 5,000,000 shares; issued 1969—1,353,125 shares, 1968—1,210,837 shares; 815,436 shares are reserved under employee incentive plans	1,353,000	1,211,000

	1969	1968
Common stock at par value of $1 per share. Authorized 20,000,000 shares; issued 1969—10,885,097 shares, 1968—10,334,560 shares; 3,128,409 shares are reserved for conversion of senior securities (including nonconsolidated foreign finance subsidiary), 608,647 shares for employee stock options and 674,416 shares contingent upon earnings of certain acquired companies	10,885,000	10,334,000
Additional paid-in capital	117,711,000	97,675,000
Earnings retained in business	168,319,000	157,030,000
	315,131,000	285,750,000
Less treasury stock	18,680,000	12,798,000
Total stockholders' equity	$296,451,000	$272,952,000

The aggregate liquidating values shown above are net of shares held in the treasury. At 31 July 1969, 230,030 common shares, carried at the exchange value of $1 per share, were in the treasury. In addition, treasury stock included 393,331 common shares, 440 Series B preference shares, 900 Series C preference shares and 56,996 employees' preferred shares carried at cost.

In 1960 the company granted, to certain employees, options to purchase common stock under the restricted executive stock option plan at 85% of the then market value. In addition, options to purchase common stock at 85% of market value two years subsequent to date of grant have been offered each year to all eligible employees under the savings fund—employee stock purchase plan.

	RESTRICTED EXECUTIVE STOCK OPTION PLAN	SAVINGS FUND—EMPLOYEE STOCK PURCHASE PLAN	TOTAL
Options outstanding at 1 August 1968	1,617	289,908	291,525
Options granted	—	230,716	230,716
	1,617	520,624	522,241
Less:			
Options exercised	1,617	164,136	165,753
Options terminated	—	64,560	64,560
	1,617	228,696	230,313
Options outstanding at 31 July 1969	—	291,928	291,928
Shares reserved for possible future options	—	316,719	316,719*
Total shares reserved	—	608,647	608,647
Option price range		$17.53-$35.81	

*At 31 July 1968, the number reserved was 482,875.

In addition, the company has other plans whereby employees, under certain conditions, may purchase stock on the installment basis at the prevailing market price. Under these plans 815,436 shares of employees' subordinated convertible preferred stock were available for employee purchases at 31 July 1969. There are approximately 16,000 employees participating in all the plans described above.

financial review *(continued)*

Following is a presentation of the potential reduction in per share earnings assuming conversion of outstanding securities into common stock, the issuance of common shares under contingent earnings contracts, and the exercise of outstanding options. In the case of convertible securities, earnings have been appropriately adjusted to eliminate interest or compensation, net of taxes, and dividends; in the case of contingent issuances, earnings have been increased to the levels which would be required to make the issuances; in the case of options, exercise has been assumed as of the beginning of the year with the proceeds received applied to the purchase of treasury stock at the average market price during the year. The above assumptions have the effect of reducing earnings per share $ .38 in 1969 and $ .39 in 1968 tabulated as follows:

	1969	1968
Conversions of senior securities	$ .05	$ .13
Conversions of employees' subordinated convertible preferred stock	.21	.16
Conversion of debt of nonconsolidated foreign finance subsidiary	.04	.02
Issuance of shares contingent upon earnings of certain acquired companies	.06	.05
Exercise of outstanding employee stock options	.02	.03
	$ .38	$ .39

Contributions to the company's retirement fund are made as the company may determine, although it is not under obligation to make contributions. The current annual expense of the company's pension plans, based upon computations by independent actuaries, was approximately $718,000 in 1969 and $550,000 in 1968. The company funds pension cost accrued. The company also made contributions to profit sharing and other employee contractual welfare plans in the amount of approximately $6,500,000.

The company has agreed to acquire the outstanding stock of Kenrose Mfg. Co., Inc. and affiliates, manufacturers of women's dresses, robes, loungewear and modified sportswear. At 30 November 1968 Kenrose had total assets of $8,123,000 and stockholders' equity of $3,753,000. Net sales and net earnings for the year ended 30 November 1968 were $19,235,000 and $679,000, respectively.

record of growth

Figures for 1965-1968 have been restated for poolings of interests. Prior years are as originally reported. All figures have been adjusted for the three-for-two stock split of 22 August 1966.

All dollar figures are in thousands except amounts per share.

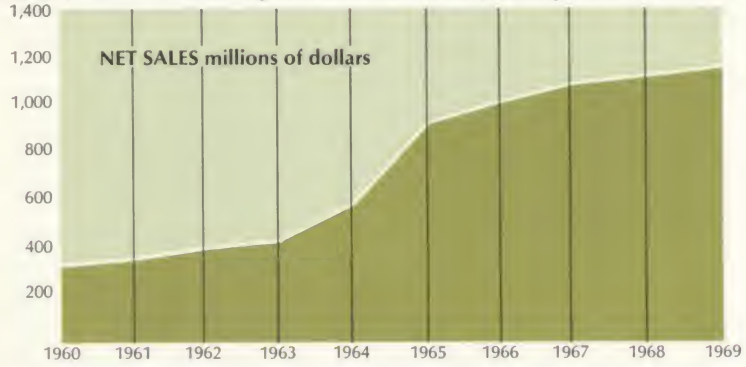
	TOTAL VOLUME OF BUSINESS	NET SALES	DEPRECIATION AND AMORTIZATION (INCLUDING LASTS, DIES AND PATTERNS)	EARNINGS BEFORE TAXES AND MINORITY SHARE OF EARNINGS	INCOME TAXES	NET EARNINGS	NUMBER STOCK-HOLDERS	AVERAGE SHARES COMMON STOCK OUTSTANDING
1969	**$1,271,328**	**$1,185,631**	**$11,374**	**$57,318**	**$26,915**	**$30,283**	**44,000**	**10,009,000**
1968	1,197,281	1,112,900	10,367	62,884	28,475	34,150	42,000	9,834,000
1967	1,157,525	1,070,600	11,679	57,570	24,335	32,932	38,000	10,157,000
1966	1,107,435	1,015,758	11,301	61,767	27,156	34,011	31,000	9,694,000
1965	1,000,153	922,221	11,462	49,774	21,048	28,272	28,000	9,329,000
1964	634,923	589,211	5,699	23,440	9,914	13,222	28,000	6,471,000
1963	444,775	400,538	5,666	14,240	6,130	8,056	24,000	5,909,000
1962	443,254	399,018	5,260	16,390	7,389	8,879	18,000	5,758,000
1961	374,637	333,496	4,992	13,986	5,729	8,155	16,000	5,606,000
*1960	363,573	321,191	4,575	14,893	6,489	8,207	16,000	5,048,000

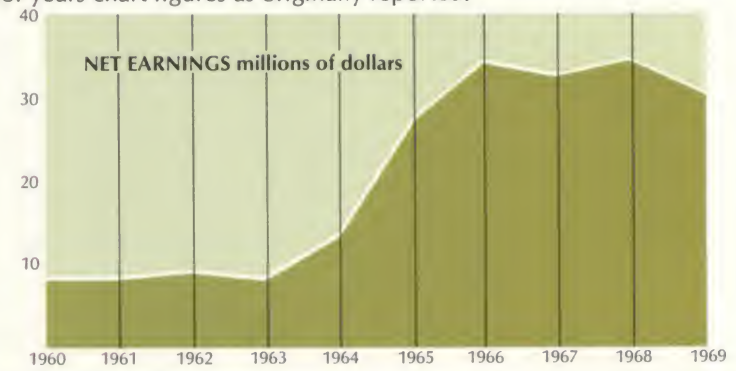
*Fiscal year ended 31 October.

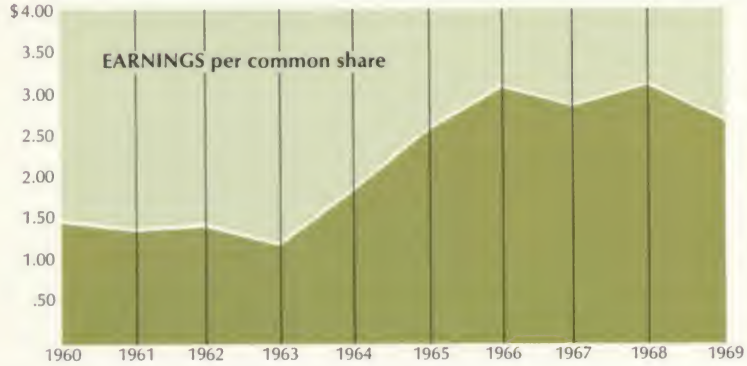
GENESCO

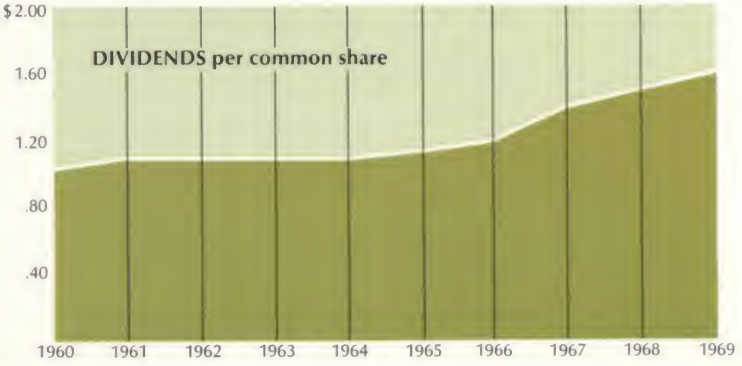
record of growth charts

Years 1965-1968 chart figures as restated for poolings of interests. Prior years chart figures as originally reported.









EARNINGS PER COMMON SHARE	TOTAL TAXES PER COMMON SHARE	DIVIDENDS PER COMMON SHARE	CASH FLOW PER COMMON SHARE	YEAR'S PRICE RANGE PER COMMON SHARE	LONG-TERM DEBT	WORKING CAPITAL	STOCKHOLDERS' EQUITY
$2.70	**$5.28**	**$1.60**	**$4.03**	**58¼-29⅛**	**$117,763**	**$332,309**	**$296,451**
3.12	5.37	1.50	4.50	47¼-29	111,787	318,229	272,952
2.87	4.63	1.40	3.85	32⅛-23	92,877	272,860	250,299
3.10	4.93	1.20	4.01	41¼-28⅜	72,253	248,393	229,016
2.59	4.19	1.13	3.56	36-26½	76,079	241,445	197,535
1.84	3.60	1.07	4.21	27¼-22⅝	70,512	185,793	131,391
1.20	2.45	1.07	2.26	25½-22⅜	46,986	138,320	120,006
1.43	2.63	1.07	2.32	28¼-22⅜	54,572	127,892	105,778
1.37	2.22	1.07	2.23	26¼-17⅛	40,789	113,889	100,697
1.45	2.55	1.02	2.04	27¼-20⅜	29,384	102,575	99,608

GENESCO

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Robert C. Hilton
William R. Landa
Fred A. Lang
William H. Mier
W. Gregory Quick

Vice President—Marketing
Duke J. Rose

Vice President—Organization Planning
Ralph H. Bowles

Vice President—Finance and Administration
J. Gibson DeLacey

Vice President—Central Planning
Larry B. Shelton

Vice President—Corporate Development
Leonard K. Guiler

Vice President and Secretary
James P. Saunders

Vice President—Corporate Relations
Ben R. Murphy

Vice President—Retailing
Arthur P. Davis

Vice President—Mfg. Co-ordination
Kirk H. Low

Vice President—Manpower
George C. Collins

Vice President—National and International Relations
H. Wilkes Brawley

Vice Presidents—Distribution
Charles W. Cook
Houghton D. Vaughn

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Vice President—Footwear Manufacturing
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Auditor
Stuart Carlisle

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Maurice E. Miller
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William C. O'Connor
J. Harvey Ruth

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Ernest B. Holt
T. Douglas Oxford

Assistant Secretaries
Robert A. Ables
Rodes Ennis
William F. Long
Jimmie D. White

CARLISLE 17 Yrs.

*LANDA 2 Yrs.

**SAUNDERS 38 Yrs.

**WOODS 31 Yrs.

**CARMICHAEL 33 Yrs.

*MIER 30 Yrs.

*GUILER 26 Yrs.

**QUICK 20 Yrs.

**FLANAGAN 20 Yrs.

*LANG 21 Yrs.

*BOWLES 9 Yrs.

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Ralph H. Bowles, *Vice President*

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*DeLACEY 18 Yrs.

*SHELTON 13 Yrs.

*MURPHY 2 Yrs.

*WIRE, II, 7 Yrs.

*K. LOW 22 Yrs.

*DAVIS 4 Yrs.

HILTON 9 Yrs.

*COLLINS 35 Yrs.

**BUCHANAN 34 Yrs.

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Central Operational Auditing
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Central Building Services
George Stone, *Director*

Central Telecommunications
Melvel Dunn, *Director*

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Central Public Relations
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Rodes Ennis, *Director*

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GENESCO

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Duke J. Rose
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J. Gibson DeLacey
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Duke J. Rose
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Nashville, Tennessee

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Director

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Executive Vice President
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GLASSMEYER

BLACKIE

RINFRET

JOHNSON

HILL

KUNSTADTER

FLEMING

WIGGINTON

WILLINGHAM

MANNING

GENESCO

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NEW YORK, N.Y. 10004

THIRD NATIONAL BANK
NASHVILLE, TENNESSEE 37202

ANNUAL MEETING OF STOCKHOLDERS
1 DECEMBER 1969

GENESCO

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